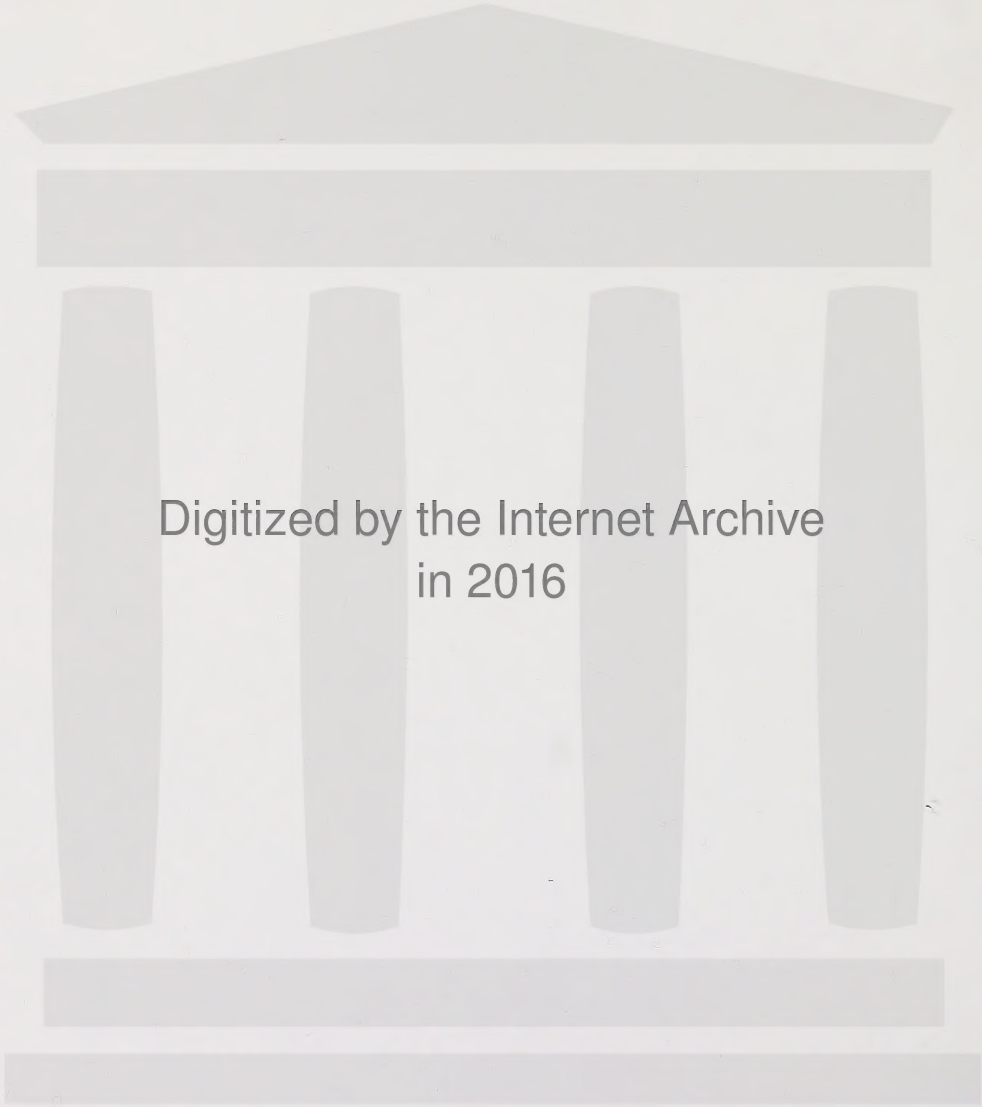
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ALBERTANS & CLIMATE CHANGE

A Strategy for Managing Environmental and Economic Risks




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Introduction

Alberta is committed to doing its part to manage the risks of climate change by thinking globally and acting locally.

Alberta's strategy is to work with other provinces, territories and the federal government to shape national climate change strategies that are environmentally effective and economically sustainable. It includes a commitment to work with the federal government to help shape international agreements, but at the same time ensure any such commitments or any national plans or programs reflect the commitments, actions and objectives of Albertans.

A Strategy for Managing Environmental and Economic Risks

Context

In 1998, the Government of Alberta clearly stated its commitment to manage climate change risks. Since then the provincial government has been a leader and partner both at the national level - working collaboratively with other governments to develop a phased national strategy - and within Alberta - working collaboratively with all sectors of Alberta society to demonstrate an Alberta approach to reducing emissions, while continuing to build Alberta's communities and economy.

Albertans support action on climate change. They do not, however, see a difference between climate change and the Kyoto Protocol. They are also not aware that Kyoto does not "solve" the climate change issue, nor do they understand the possible costs to the average Albertan, or the impact on the overall economy.

According to a recent economic analysis conducted by the province, the potential costs to Alberta will likely be substantive, especially in terms of decreased growth of the economy by at least $3-$5.5 billion per year, or two to three per cent of the annual economy.

However, the analysis also shows the costs to Alberta depend on three things:

- The reductions required within the province.
- The policies implemented in Canada to cause the emission reductions.
- The price of international credits/reductions.

The first is subject to negotiation, the second should involve collaborative federal-provincial and territorial design as well as negotiation, and the third is uncertain.

Alberta has long been active on climate change both within the federal-provincial and territorial process as a leader, and as a partner in encouraging action by Alberta organizations. Comments from both government and industry partners vary from, "Alberta is providing the only leadership in this country on climate change" to "I want to see one action that indicates Alberta is seriously committed to responding to climate change and the Kyoto Protocol."

While we need to take action on climate change, the federal commitment to the Kyoto Protocol creates a real challenge to the economies of Canada.

Therefore, Alberta is advocating a solution that, while it may take longer than the timelines outlined by the Kyoto agreement, would make sense, be cost effective and achieve better long-term emission reduction results.

Alberta's Position

Alberta recognizes and strongly agrees that climate change is a growing concern to all Canadians, and there is no question that some action must be taken to address the issue.

However, as a province we are just as concerned about our nation's competitiveness and economic well-being. As a result, we are extremely concerned that Canada's current proposed action on climate change could significantly affect employment, economic growth and investment opportunities across Canada.

Specifically, our concern stems from the fact that much of the work and analysis of the National Climate Change Process, established in 1997, was undertaken before the decision by the U.S. to withdraw from the Kyoto Protocol.

With the importance of trade and investment between Canada, the U.S. and Mexico, we feel any actions or programs undertaken by Canada to address climate change must be developed in a North American context.

Discussions on climate change between Canada, the U.S. and Mexico are vital to ensuring Canadian business and industry is on a level competitive playing field with economies that are so closely linked to our own. Within that context, we believe we can develop an appropriate national plan that will help us live up to our international commitments to take action on climate change.

A successful climate change response will require action, support and ownership of the issue from all regions and governments in Canada. If we take the right action, Canada can and will make a global contribution, as well as reap the related benefits for our own environment and way of life.

However, we cannot overstress the importance of making a fully informed decision.

Need for a National Plan

Alberta wants to work cooperatively with the federal government and other provincial and territorial governments to develop a national plan which:

- Allows Alberta to retain control over this issue and consequently control over our resource development.
- Limits the costs, liability and competitiveness risk for Canada's private sector.
- Minimizes the costs to Albertans and the economy as a whole through efficient solutions and limited liability.
- Incorporates an agreed upon set of principles that produce real greenhouse gas reductions, and mutually agreed upon outcomes.

The national plan should also recognize that meeting world greenhouse gas reduction targets cannot be achieved within Canada alone, and the federal government will need to ensure its approach is part of a strong international effort.



The response to climate change cuts across all sectors, political jurisdictions and ecological regions of Canada. This means that effective action on climate change involves both federal-provincial and territorial jurisdictions. Effective action, policy certainty, and equitable results require broad and informed consultation with our publics and agreement on policies and strategies.

Following Kyoto, Alberta agreed along with other governments in Canada on the need to work together as full partners to develop a full and complete understanding of options prior to a decision on Kyoto.

Alberta remains committed to its word.

Principles

In 1998, Alberta's Cabinet announced a climate change strategy that drew heavily on the recommendations of a round table of community leaders from across the province. That strategy included several principles to guide the development of Alberta's climate change response.

Those principles subsequently have been reaffirmed, and new ones added in numerous provincial and national discussions, within the context of Canada's potential ratification of the Kyoto Agreement:

- We need a shared understanding of the range of real costs of our climate change response.
- We need informed consultation with engaged stakeholders and our publics.
- We must ensure our climate change response does not put Canada at a competitive disadvantage.
- We must work collaboratively, ensuring respect for provincial, territorial and federal jurisdictional responsibilities.
- No province, territory, industry or sector will be treated unfairly.
- In the short term, industry should use new technology reducing emissions intensity. For the longer term, we need investment in technologies that break the relationship between emissions and economic growth.
- All Canadians must be part of the climate change solution.
- We need to focus on energy conservation and efficiency.

Objectives

Alberta's strategy is to take action to address climate change, while balancing economic risks and realities for Alberta consumers, business and industry.

To that end, the goals of the proposed plan for Alberta are to:

- Limit costs and uncertainties of short-term climate change response.
- Retain control over the management of Alberta's resources and environment.
- Manage long-term climate change risks, including:
 - Make a responsible environmental contribution.
 - Reduce vulnerability of Alberta's economy to future greenhouse gas limits.
 - Adapt to address probable impacts of climate change on the province.



The specific objectives of Alberta's strategy on climate change are two-fold:

- Influence federal decision-making and national policy.
- Demonstrate the province's commitment to address climate change by taking immediate actions that will reduce greenhouse gas emissions in an orderly and cost-effective way over the long-term.

Action Plan

The short and long-term actions to meet the objectives, will be in the areas of:

- Government Leadership
- Energy Conservation
- Carbon Management
- Technology and innovation
- Establishing Frameworks to Encourage Improved Farm and Forest Management that Enhance Carbon Storage (i.e. sinks)
- Preparing to Adapt to the Changing Climate

Action in these six areas is interactive and overlapping. Alberta's influence on the federal government, as well as on other provincial governments will be improved by taking strong and effective action in Alberta now and in the longer term. Conversely, Alberta's action plan needs to be linked to national decision-making in order to get the most out of our actions.

Short-Term Actions:

Timelines: Immediate

Objective: Influence federal decision-making and national policy.

Activities & Initiatives: (led by Alberta Environment (AENV), with involvement of Alberta International and Intergovernmental Relations (IIR), Alberta Energy and other provincial ministries as required):

- Urge the federal government to work vigorously with the U.S. on climate change solutions.
- Strongly encourage the federal government to commit funding to purchase international credits (for example in Africa, China and India) to help keep the costs of Kyoto low in Canada and to make a real impact and benefit to developing countries.
- Work towards a national plan that is compatible with Alberta's plan and does not result in the Alberta economy paying twice.
- Clearly communicate Alberta's concerns, as well as actions and solutions, to Albertans, the federal government, other provincial and territorial governments and all Canadians, and help facilitate an educated and constructive discussion on a made-in-Canada solution to climate change.

- Invest in carbon management programs related to capture and use of CO_2 in geologic environments (led by Energy, with Alberta Innovation and Science (I&S) and AENV).
- Pursue forest and agricultural management opportunities to enhance biological sinks in Alberta (AENV, Alberta Sustainable Resource Development (SRD) & Alberta Agriculture, Food and Rural Development (AAFRD)).
- Invest in the development of an alternative fuels strategy that would begin to move towards a hydrogen economy (AERI, Energy, & AENV).
- Develop and lead an aggressive, provincial energy conservation strategy (co-led by AENV & Energy) with the following objectives:
 - Increase access to diverse energy sources.
 - Show government leadership through action.
 - Increase public education and awareness.
 - Demonstrate and encourage action, possibly through financial incentives.

Medium- and Long-Term Actions:

Timelines: Started in February 2002 and on-going.

Objectives:

- Clearly demonstrate Alberta's commitment to taking action on climate change.
- Better educate and engage all Albertans to take action on climate change.
- Establish practices and programs that will reduce greenhouse gas emissions, and actively address climate change.

Activities & Initiatives:

- Provide leadership to help advance a national domestic emissions trading system that will result in real reductions as soon as possible and gives industry a highly efficient tool to minimize their costs (led by Alberta Environment (AENV)):
 - Should the national emissions trading system not advance, Alberta will be prepared to advance a provincial emissions trading system, defining an acceptable allocation system (i.e. using covenants or regulatory instruments, such as a declining cap on emissions).
- Continue to develop Alberta's economy, while reducing our exposure to future greenhouse gas reductions by:
 - Investing in technology research and development to increase the efficiency of energy production (led by Alberta Energy Research Institute (AERI), with AENV).

Summary

The federal government appears committed to moving as quickly as possible to ratify the Kyoto Protocol and agreement, which will formally commit Canada to an internationally administered compliance program to reduce its greenhouse gas emissions by 2010 and beyond.

If Canada ratifies the agreement as it stands today, and without better understanding of the potential impacts, and without a nationally agreed upon implementation plan, we believe it will have serious and detrimental impact on the national economy.

Ratifying Kyoto without a full public understanding of the implications, and without a full understanding and commitment from Canadian business, governments and individuals will be nothing short of disastrous for our national, provincial and territorial economies.

Alberta must continue to enhance its leadership in managing the risks of climate change through clear and demonstrable actions and solutions aimed at reducing greenhouse gas emissions. At the same time, Alberta will continue to work with the other provinces and territories to influence the federal government and the national process to ensure whatever commitments are in place are in Canada's best environmental AND economic interests.

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